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# City of Norfolk

## Presentation of Audit Results to the City Council

January 15, 2013

# Our Agenda

- **Audit Update**
- **Review of Required Communications**
- **Review of Internal Control and A-133 Results**

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# City of Norfolk audit of the financial statements year ended June 30, 2012

- Audit of June 30, 2012 financial statements is complete
  - “Clean” opinion issued on the financial statements
  - Issued required government auditing standards report
  - A-133 audit of Federal programs and certain state requirements completed – to be discussed further later in the presentation
- Required communications regarding the conduct of the audit
  - We have read the other information included in the financial statements for consistency. We have not performed any audit procedures over the information.
  - Accounting policies and alternative treatments
    - Significant accounting policies
    - Qualitative aspects of accounting practices
  - Management judgments and accounting estimates
    - Tax and Utility Allowance for Uncollectable Accounts
    - Accrual for self insurance
    - Other postemployment benefits
  - Uncorrected misstatements and adjustments recorded as a result of the audit are attached to the letter documenting the required communications.
  - No disagreements with management on financial accounting and reporting matters
  - To the best of our knowledge, there have been no consultations with other accountants
  - The audit was not completed in accordance with the established schedule
  - We confirm our independence in accordance with professional standards

# City of Norfolk discussion of internal control deficiencies and findings year ended June 30, 2012

- There were no material weaknesses or significant deficiencies at the financial statement level.
- Certain deficiencies in internal control were noted which were discussed with management.
- A-133 audit, including ARRA funds
  - The City expended \$105 million in Federal assistance during FY12, of which approximately \$17 million was ARRA funding.
  - 13 programs were audited – 5 at Norfolk Public Schools, 8 at City.
  - All programs that receive Federal assistance in excess of \$3,000,000 are subject to audit at least once every three years. Certain smaller programs are audited each year based on their individual and collective risk profiles.
  - Six reportable findings were noted during the A-133 audit:
    - TANF Child Support enforcement
    - TANF Refusal to Work sanction
    - HIV subrecipient disbursements
    - HIV segregation of duties
    - Highway program reporting
    - HIV and TANF subrecipient qualification process
  - Four APA findings were noted.



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